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LAPAI INTERNATIONAL JOURNAL OF MANAGEMENT AND SOCIAL SCIENCES

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IBRAHIM BADAMASI BABANGIDA UNIVERSITY
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Learning for Service
Lapai

A Journal of the Faculty of Management and Social Sciences,
Ibrahim Badamasi Babangida University, Lapai, Niger State.

Volume 2 No. 2 December, 2009

Vol.2 (2) December 2009.

ISSN: 2006-6473

Typeset by:
Desk-Top Publishers
(A Division of Cared Consultants Ltd.)
P.O.Box 155, Lapai, Niger State
E-mail: Caredconsultant@yahoo.com

Typesetting and Printed by:
The Rock Printers
No. 262 Yoruba Street, Off General Hospital Road,
Minna, Niger State.
+234-8039717276

LAPAI INTERNATIONAL JOURNAL OF MANAGEMENT AND SOCIAL SCIENCES

Volume 2, No. 2 December 2009

INTEGRATING DEVELOPING COUNTRIES INTO THE GLOBALIZATION PROCESS: THE CASE OF NIGERIAN ECONOMY

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ABSTRACT

In the past twenty years when the term globalization emerged, its meaning has been surrounded with conspiracy of interpretations. Expectation from globalization process is that it would unify the planetary space for effective communication, exchange and corporation among nations of divergent cultural background and civilizations. However, while globalization as well as economic liberalization has generated new markets for the various economic actors within the global space, it has simultaneously brought about intense competition among them. As globalization prices is narrowing the range of policy instruments available to individual nation state, there appear to be a convergence towards a harmonized global policies on issues that were hitherto under the jurisdiction of individual governments. Possibly, globalization may end up recognizing a single global authority by all community of nations of the world. The resultant contraction in policy choices open to developing countries due to globalization is of course forcing them to adopt foreign policies whether they desired them or not. The paper discusses about the prevailing inequalities and asymmetries in globalization and suggests several ways by which Nigeria can be integrated into the globalization process.

Keywords :Globalisation, Glocalisation, liberalisation and communication

INTRODUCTION

Globalization is a phenomenon that reflects the increasing interaction among persons and institutions across the globe. In the past two decades when the term globalization emerged, its meanings have been surrounded with conspiracy of interpretations; depending largely on the concern of the party using the term. It has therefore been a source of hope as well as apprehension because the actors involved in globalization process are not only on an unequal developmental footing but that the impacts of globalization affect them differently.

Expectation from globalization process is that it would unify the planetary space for effective communication, exchange and cooperation among nations of divergent cultural background and civilizations. However, while globalization as well as economic liberalization has generated new markets for the various economic actors within the global space, it has simultaneously brought about intense competition among them.

Globalization needs not reduce the indigenous capacity of Africans to reach their maximum potential but this appears to be the conscious and direct consequence of globalization. With the various governments involuntarily lowering the hitherto protective barriers to become globalization complaints opportunities for direct and indirect support to domestic economic agents in individual countries of the world has reduced while stronger international policy harmonization have taken over under the unelected international bureaucrats that work in the three main institutions; that is the world bank, the International Monetary Fund (IMF) and the World Trade Organisation (WTO).

The world might have become one small village because of the advances in satellite and information technologies. The benefits of these breathtaking advances have not trickled down equitability among the inhabitants of this supposedly supranational global village. It is worthwhile to state, at this juncture that though globalization has helped to increase global growth and wealth in recent years, it has not done so for all regions and all countries. In the developing countries of the world and in Nigeria in particular, a worsening of existing imbalances has impeded development and aggravated poverty (Daouas 2001; Wade 2001; Calamitsis 2001; Condive 2001).

This paper suggests that globalization process requires a new institutional framework in which a more efficient management of global interdependence can be combined with defined principles of international solidarity. It is only then that the globalization would be made to become a positive force for the entire people of the world (United Nations, 2000). This paper shall discuss the following:

Definition of globalization
Inequalities and asymmetries in globalization
Constraints to full global integration in Nigeria
Recommendations & conclusion

LITERATURE REVIEW

According to UNDP (2001:2) globalization can be defined as a multidimensional process of unprecedented rapid and revolutionary growth in the extensiveness and intensity of interconnections on purely global scale.

Some commentators define globalization simply as translocal relations, starting thousands of years back in history but, depending on what aspect is focused, it may also be qualitatively new, for instance, in the sense that it is tooled by new information and communication technologies and a new organisational logic- networking (Holton 1998; Castells 1996).

O'Neill (1991) emphasizes the micro economic character of globalization. Here, he refers to the process by which enterprises (related or unrelated) become interdependent and interlinked globally through strategic alliances and international networks.

The IMF (1997:45) views globalization as "the growing interdependence of countries worldwide through the increasing volume and variety of cross-border transactions in goods and services and of international capital flows, and also through the more rapid and widespread diffusion of technology".

Sociologist Anthony Giddens (19910 sees globalization as a decouping or "distanciation" between space and time.

Globalization is the process of creating networks of connections among actors at multicontinental distances mediated through a variety of flows, including people, information and ideas, capital and goods (Clark 2000:86).

Friedman (1996) perceives globalization as that loose combination of free trade agreements, the internet and the integration of financial markets that is erasing borders and uniting the word into a simple, lucrative but brutally competitive market place.

Seen from, this angle, globalization is capable of diffusing practices, values, and technologies across the globe and consequently leading to greater interdependence and mutual awareness (reflexivity) among economic, social and political agents across the world.

With the world economy being an "uneven playing field" in contrast to a "level playing field" (or are in which all the parties compete under equal conditions); the reality of the asymmetries in the existing global order would merely produced international inequalities under the current globalization process. Perhaps a major reason why different negative and positive from many other factors improving on how inequality is occurring within the global economy (Aremu, 2005).

Inequality simply means absence of sameness, evenness or equality. In the literature of development economics, income inequality is prominent. To determine the extent of income inequality in a place or system, it is fundamental to examine the distribution of income in the place or system. The symmetry principle, on the other hand, implies that if incomes are swapped between two groups, there should be no change in the measure of constraints to full integration inequality.

Currently, Africa, with over 11% of world population accounted for only 3.1% of world production and about 1.2% of world trade. Africa has continued to fall behind particularly in this 3rd phase of globalization beginning from 1980s as it has failed to achieve a sufficient degree of integration into the financial globalization process appropriately but has instead been overtaken by the ensuring debt crisis. (Aremu, 2005).

According to UNRISD (1995:4), although globalization may have generated some gains in some countries, but in many parts of the world however, it is associated with increased impoverishment, inequalities, work insecurity weakening of institutions and social support systems, and erosion of established identities and values.

There is a great concern among analysts about the grave implication of globalization for jobs. Here, the correction is between information technology and job losses. Information technology is under intense scrutiny for creating fewer jobs in its own industry than it destroys in others, the first time in history that technological change has become a major contributor to overall unemployment (Ayres 1998; 83-4). Heilbroner (1996: 114-5) blames this new dynamic on change in technology to automation, which takes many forms but always needs much less directly applied labour than previously. 'Ceterisparibus automation is unemployment generating' whereas most of the new jobs it creates are located at the top of the employment pyramid, not at the bottom.

One major example of inequality is the degree to which developing countries participated in international economic institutions. In some issues, like in the formulation of financial rules and standards under IMF and World Bank, they play little or no role at all. In other words, the role they (developing countries) play is not commensurate with the size of their economies (particularly in area of voting powers). Yet in other circumstances, even if decisions are made by consensus. agreements are reached on a different basis (green room decision at the WTO).

Also, it appears as if the original mandate of each of these economic institutions (IMF, World Bank and WTO) has been significant and deliberately being expanded to entirely new areas or areas originally assigned to UN agencies. This has been the grand design of developed countries because they were aware that the structure of these international economic institutions would allow them to dominate the global economy better as they permit unequal representation, voting procedure, and decision making process coupled with a reduction of opt out options, whether formally or informally. Corollarily, a look at appendix 1 further strengthens the unequal representation of developing countries at WTO secretariat. Nigeria has only one staff in the WTO while France has as much as 151; Britain 78, america24; even Ghana 3; and Italy 11.

Inequalities that characterized the 1980s did not abate in 1990s when globalization set in. on the contrary countries in which income distribution was unequal became more unequal and remained in majority. This global state of affairs points to certain factors such as; the growing skill- based wage differentials; erosion of the state's redistributive sovereignty, reduction in earned income as a proportion of total income of nationals; as well as the simultaneous increase in business profits and financial returns going only to TNCS. Evidences across the world suggest that there are no evidences whatsoever that income levels are converging as a result of globalization.

Not only that, the extent of the economic opportunities available to developing countries continues to be determined largely by their position in the international hierarchy. And this development determines the existing asymmetries found in the world economy today. Since the "world technological frontier is a moving target" few developing countries are able to move fast enough to catch up while many others (including Nigeria) continue to drift farther from technological frontier.

CONSTRAINTS TO FULL GLOBAL INTEGRATION IN NIGERIA

This section discusses the issue of whether (or not) Nigeria can be fully integrated into the global economy given its unique features and the state of the economy. It is therefore important to assess this issue critically using some available data.

There are some factors that could limit the extent of trade liberalization, which is a major aspect of globalization (Adewuyi, 2003). Among such factors are the use of import protection as a means of revenue generation; prevention of dumping; establishing an industrial base; and achieving balance of payments equilibrium.

It can be seen from **appendix 1** that high import dependence coupled with unfavourable and fluctuating terms of trade of exports have often led to recurring deficits in the current account of the balance of payments in Nigeria. Thus, import protection has always been a major instrument of controlling or correcting balance of payments problem. It is very unlikely that the Nigerian government can meet the requirement of globalization, which requires large-scale tariff reduction and full liberalization.

Import protection has been used by the Nigerian government to generate revenue from foreign trade. It can be seen from appendix 2 that custom duties constitute a significant proportion of non-oil revenue in Nigeria. It is unlikely that the government can afford to lose this source of revenue, particularly in the face of export revenue instability. Besides, import protection is used in Nigeria to prevent dumping as there is an influx of all kinds of second hand items in the country. This has adverse implications on the economy.

Effective and efficient transport and communication systems are core elements that drive globalization. This implies that if any economy is to be fully integrated into the global economy it has to put in place efficient and effective transportation and communication networks. In Nigeria, government provision of infrastructure especially transport and communication services, has not been adequate. Although, with introduction of modern communication technology, especially the use of internet and the global system of Mobile telecommunication (GSM), communication within and outside Nigeria, has improved. However, the cost of obtaining communication equipment or accessing the internet and GSM facilities are high in Nigeria compared to what obtains in advanced countries. These high costs of accessing infrastructure are responsible for the non-competitiveness of exports (especially the non-oil component and low level of foreign investment in Nigeria.

CONCLUSION AND RECOMMENDATION

It is a known fact that globalization, or the integration of economies and societies through trade, investment, finance, information, culture among others has become an inescapable feature of our current world. Although it has been argued that globalization creates opportunity for countries to accelerate their rates of economic growth, but countries are differently endowed and positioned and. thus, may not be able to take equal advantage of the global market opportunities (Asobie, 2001). For developing countries to be integrated into the globalization process, its responsibilities must be shared among stakeholders at national, regional and multilateral levels.

Over the past two decades many developing countries have made considerable attempts to integrate into the global train through trade and capital account liberalization. However, the promises of liberalization are only realizable by few developing countries that had pursued a different strategy (close door policy) before the 1980s. What can they do now?

First, there is need for good national governance, but on democratic principles, respect to rule of law, social equity and human rights; Second, government should establish sound regulatory authorities at municipal levels of governance to supervise the domestic market as well as understand how to appropriately integrate the domestic market into the current multilateral level. The third issue is that efficient and sincere implementation of privatization and commercialization programme will promote private sector activities in Nigeria. If the private sector is believed to be more efficient than the public sector, then increased private sector activities in this era of globalization will promote total productivity growth, which is a major element of competitiveness.

In addition, necessary for the government to establish appropriate policies that will integrate the informal sector of the domestic economy into the economic mainstream so as to raise the productivity in individual domestic economy.There is need for government to pay more attention to education, employment and social risks than ever before because globalization has given rise to new social risks. It should also be noted that the competitiveness of the Nigerian economy can be enhanced by improving the state of the business environment. All areas of business environment, including government policy environment, political situation in the economy and state of infrastructure, have to be improved.

Recent outburst of conflicts all over the world show that the current globalization trend may not automatically lead to a singular global village environment with common identity and fortune. Therefore, multilateral rules should allow more space for policy autonomy. This paper recommends the following:

There is need for unfair trade rules and barriers to market access must be removed particularly as they affect goods where developing countries posses comparative advantage.

Global financial rules and policies should allow developing countries to be integrated in phases that support their development levels;

The international labour organisation (ILO) should be strengthened to ensure that movement of people across border are not disrupted unnecessarily by domestic regulations of individual nation states.

The existing imbalances in the distribution of global power make it difficult for developing countries to insert themselves into the current global process. If the developing countries are expected to gain in the existing global order, then this paper suggests the following:

- There is need for global action to be taken with respect to international financial and global macroeconomic stability. The existing global arrangements that put all blames on poor countries' macroeconomic management problems appear irrelevant as the causes of their failures could be traceable to excessive profiteering of developed countries.
- Activities of TNCs needs to be addressed particularly their corporate objectives that differ markedly from the macroeconomic policy objectives of their hosts. Their transfer pricing mechanisms and excessive charges on royalties are designed to prolong technological absorption of their hosts.
- There is a global urgent need to adjust the existing unsustainable consumption and production patterns in both developed and developing economies. It is therefore necessary to pool global resources together to finance sustainable development.

In conclusion, this paper examines the prevailing inequalities and asymmetries in the current globalization process.

It points out a number of constraints to full integration of the Nigerian economy into the global system. Nonetheless, since Nigeria cannot opt out of the process, integration of the economy into the emerging global economy has to be gradual so as to minimize the cost that may arise from the process. This paper proposes some strategies that can enhance the integration of developing countries into the globalization process.

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APPENDIX 1

NIGERIA : IMPORT PENETRATION, TARIFF REVENUE AND CURRENT ACCOUNT POSITION

Year	Import-GDP Ratio Import Penetration Ratio	Customs & Excise Duties as a % of Non-oil Revenue	'million Non-Oil Current Account Position	'million Current Account Position
1970	14.5	79.2	-433.6	-50.0
1975	17.8	61.2	-4026.4	42.6
1980	18.3	63.0	243.7	13.057.9
1985	10.0	52.9	337.5	10,738.9
1990	17.7	33.0	-26,814.4	79,810.1
1991	27.2	62.5	-57,094.1	51,969.8
1992	26.3	60.9	-88,142.8	93,680.5
1993	24.0	50.5	-149,947.9	-34,414.7
1994	17.9	44.0	-156,399.4	-52,304.3
1995	38.5	27.6	-598,929.0	-186,084.6
1996	20.5	47.9	-429.978.3	240,180.0
1997	29.8	36.1	-627,983.3	36.033.6
1998	30.8	38.3	-608.961.8	-330,108.7
1999	26.5	39.1	-561.869.7	41,074.10
2000	19.9	32.3	-662,981.5	706,977.0
2001	19.3	32.5	-991,139.1	108,996.0
2002	20.9	36.2	-1,059,756.9	-269,197.0
2003	22.7	39.03	-1,591,827.9	498,192,5
2004	18.8	38.4	-1,561,469.4	2,064,056.9
2005	21.4	29.7ss	-1.805,468	3,366,999.1

SOURCE: Underlying data obtained from Central Bank of Nigeria (CBN) Statistical Bulletin, 2005 and Annual Report and Statement of Account (various issues), Abuja.

APPENDIX 2

TABLE OF REGULAR STAFF OF WTO BY NATIONALITY

Country	F	M	Total
American	16	8	24
Argentina	2	6	8
Australian	5	6	11
Austrian	2	3	5
Bangladeshi		1	1
Barbadian	1		1
Belgian	1	2	3
Beninese		1	1
Bolivian	2	1	3
Brazilian	3	3	6
British	60	18	78
Cameroonian	1		1
Canadian	9	18	27
Chilean	3	3	6
Chinese	2	1	3
Colombian		7	7
Congolese, RDC		1	1
Costa Rican	1		1
Cuban	1		1
Danish	1	1	2
Dutch	2	5	7
Ecuadorian		1	1
Egyptian	2	2	4
Estonia	1		1
Ethiopian		1	1
Finnish	1	3	4
French	76	75	151
German	6	10	16
Ghanaian		3	3
Greek	2	2	4
Honduran	1		1
Hong Kong Chinese	1		1
Hungarian		3	3
Indian	6	7	13
Irish	9	7	11
Italian	6	9	15
Ivorian		1	1
Japanese	1	2	3
Kenyan		1	1
Lebanese		1	1
Malawian		1	1
Malaysian	1	1	2

Mauritian		1	1
Mexican	1	4	5
Moroccan	1	1	2
New Zealand	1	4	5
Nicaraguan		1	2
Nigerian		1	1
Norwegian	1	3	4
Paraguayan	1		1
Peruvian	4	4	8
Philippine	4	5	9
Polish	2	3	5
Portuguese		2	2
Republic of Korea		2	2
Romanian	2	1	3
Senegalese		1	1
South African		1	1
Spanish	21	20	41
Sri Lankan	2	2	4
Swedish	4	1	5
Swiss	21	13	34
Thai	1	4	5
Tunisian	1	3	4
Turkish	2	1	3
Uruguayan	2	7	9
Venezuelan	1	2	3
Zambia	1		1
Zimbabwean	1		1
Grand Total	**299**	**297**	**596**

Source: WTO

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NIGERIA: IMPORT PENETRATION, TARIFF REVENUE AND CURRENT ACCOUNT POSITION

Year	Import-GDP Ratio Import Penetration Ratio	Customs & Excise Duties as a % Of Non-Oil Revenue	₦' million Non-Oil Current A/C Position	₦' million Current Account Position
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2000	19.9	32.3	-662,981.5	706,977.0

SOURCE: Underlying Data Obtained From Central Bank of Nigeria (CBN) Statistical Bulletin, 2000 and Annual Report and Statement of Accounts (Various Issues), Abuja